

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended February 29, 2020 (Based on Japanese GAAP)

April 14, 2020

Company name: Kitanotatsujin Corporation
 Stock exchange listing: Tokyo, Sapporo
 Stock code: 2930 URL <https://www.kitanotatsujin.com>
 Representative: Representative Director & President Katsuhisa Kinoshita
 Inquiries: Senior Managing Director Shigeatsu Shimizu TEL 050-2018-7864
 Scheduled date of ordinary general meeting of shareholders: May 28, 2020
 Scheduled date to file Securities Report: May 29, 2020
 Scheduled date to commence dividend payments: May 29, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: –

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended February 29, 2020 (from March 1, 2019 to February 29, 2020)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 29, 2020	10,093	21.4	2,915	56.6	2,923	57.1	1,974	52.7
Year ended February 28, 2019	8,312	57.1	1,861	32.6	1,861	32.6	1,293	36.4

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 29, 2020	14.21	–	54.2	57.7	28.9
Year ended February 28, 2019	9.30	9.28	48.9	48.2	22.4

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2020	5,902	4,347	73.7	31.28
As of February 28, 2019	4,240	2,942	69.4	21.17

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 29, 2020	2,142	(100)	(643)	4,088
Year ended February 28, 2019	1,193	(184)	(829)	2,687

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2019	–	1.60	–	2.00	3.60	500	38.7	18.5
Year ended February 29, 2020	–	2.10	–	2.20	4.30	597	30.3	16.4
Year ending February 28, 2021 (Forecast)	–	1.80	–	1.20	3.00		30.7	

3. Forecast of non-consolidated financial results for the year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2020	4,345	(14.0)	1,229	(11.6)	1,230	(11.5)	832	(12.2)	5.99
Full year	8,227	(18.5)	2,006	(31.2)	2,007	(31.4)	1,357	(31.2)	9.77

4. Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(2) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of February 29, 2020	141,072,000 shares	As of February 28, 2019	141,072,000 shares
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Number of treasury shares at the end of the period

As of February 29, 2020	2,105,200 shares	As of February 28, 2019	2,105,200 shares
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Average number of shares during the period

Year ended February 29, 2020	138,966,800 shares	Year ended February 28, 2019	139,045,830 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of February 28, 2019	As of February 29, 2020
Assets		
Current assets		
Cash and deposits	2,687,645	4,088,384
Accounts receivable - trade	518,641	561,149
Finished goods	572,664	720,420
Work in process	13,300	29,381
Raw materials and supplies	127,772	79,822
Advance payments - trade	24,749	4,550
Prepaid expenses	18,584	37,072
Other	3,240	4,240
Allowance for doubtful accounts	(7,695)	(3,775)
Total current assets	3,958,904	5,521,246
Non-current assets		
Property, plant and equipment		
Buildings	9,944	87,356
Accumulated depreciation	(8,794)	(3,659)
Buildings, net	1,150	83,696
Tools, furniture and fixtures	8,949	38,109
Accumulated depreciation	(7,204)	(12,461)
Tools, furniture and fixtures, net	1,744	25,648
Construction in progress	29,947	—
Total property, plant and equipment	32,842	109,344
Intangible assets		
Patent right	870	686
Trademark right	14,156	13,022
Software	16,511	9,643
Total intangible assets	31,538	23,352
Investments and other assets		
Guarantee deposits	152,957	161,906
Deferred tax assets	64,390	86,301
Total investments and other assets	217,347	248,207
Total non-current assets	281,729	380,905
Total assets	4,240,633	5,902,151

(Thousands of yen)

	As of February 28, 2019	As of February 29, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	163,622	224,929
Accounts payable - other	445,203	378,907
Current portion of long-term loans payable	74,943	–
Income taxes payable	333,482	717,834
Accrued consumption taxes	142,710	72,145
Advances received	2,608	3,157
Deposits received	6,519	9,216
Provision for sales promotion expenses	61,026	63,168
Provision for shareholder benefit program	38,051	46,574
Provision for sales returns	14,344	13,111
Asset retirement obligations	1,120	–
Other	14,707	25,752
Total current liabilities	1,298,339	1,554,797
Total liabilities	1,298,339	1,554,797
Net assets		
Shareholders' equity		
Capital stock	273,992	273,992
Capital surplus		
Legal capital surplus	253,992	253,992
Total capital surpluses	253,992	253,992
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,849,883	4,254,943
Total retained earnings	2,849,883	4,254,943
Treasury shares	(435,574)	(435,574)
Total shareholders' equity	2,942,293	4,347,354
Total net assets	2,942,293	4,347,354
Total liabilities and net assets	4,240,633	5,902,151

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Net sales	8,312,465	10,093,343
Cost of sales		
Beginning finished goods	353,272	572,664
Cost of products manufactured	2,086,543	2,620,606
Total	2,439,816	3,193,271
Finished goods transfer to other account	43,051	42,829
Ending finished goods	572,664	720,420
Valuation loss on finished goods	28,749	19,053
Cost of finished goods sold	1,852,849	2,449,074
Gross profit	6,459,615	7,644,268
Reversal of provision for sales returns	6,728	14,344
Provision for sales returns	14,344	13,111
Gross profit - net	6,451,999	7,645,502
Selling, general and administrative expenses	4,590,238	4,730,173
Operating profit	1,861,760	2,915,329
Non-operating income		
Interest income	26	24
Repayment income	199	5,504
Sample income	551	456
lecture fee-NOI	615	377
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Foreign exchange gains	–	2,183
Other	118	168
Total non-operating income	2,963	8,714
Non-operating expenses		
Interest expenses	348	47
Foreign exchange losses	482	–
Bad debts expenses	1,176	–
Share issuance cost	428	–
Commission for purchase of treasury shares	768	–
Other	6	0
Total non-operating expenses	3,211	47
Ordinary profit	1,861,512	2,923,996
Extraordinary losses		
Impairment loss	12,141	–
Loss on retirement of non-current assets	–	2,145
Head office transfer cost	–	2,650
Total extraordinary losses	12,141	4,795
Profit before income taxes	1,849,370	2,919,201
Income taxes - current	559,501	966,287
Income taxes - deferred	(3,376)	(21,910)
Total income taxes	556,125	944,377
Profit	1,293,245	1,974,824

Non-consolidated statements of changes in equity

Fiscal year ended February 28, 2019

(Thousands of yen)

	Shareholders' equity							Share acquisition rights	Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity		
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings				
Balance at beginning of current period	212,924	192,924	192,924	1,989,748	1,989,748	(51,141)	2,344,456	1,176	2,345,632
Changes of items during period									
Issuance of new shares - exercise of share acquisition rights	61,068	61,068	61,068				122,136		122,136
Dividends of surplus				(433,111)	(433,111)		(433,111)		(433,111)
Profit				1,293,245	1,293,245		1,293,245		1,293,245
Purchase of treasury shares						(384,432)	(384,432)		(384,432)
Net changes of items other than shareholders' equity							-	(1,176)	(1,176)
Total changes of items during period	61,068	61,068	61,068	860,134	860,134	(384,432)	597,837	(1,176)	596,661
Balance at end of current period	273,992	253,992	253,992	2,849,883	2,849,883	(435,574)	2,942,293	-	2,942,293

Fiscal year ended February 29, 2020

(Thousands of yen)

	Shareholders' equity							Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings			
Balance at beginning of current period	273,992	253,992	253,992	2,849,883	2,849,883	(435,574)	2,942,293	2,942,293
Changes of items during period								
Dividends of surplus				(569,763)	(569,763)		(569,763)	(569,763)
Profit				1,974,824	1,974,824		1,974,824	1,974,824
Net changes of items other than shareholders' equity							-	-
Total changes of items during period	-	-	-	1,405,060	1,405,060	-	1,405,060	1,405,060
Balance at end of current period	273,992	253,992	253,992	4,254,943	4,254,943	(435,574)	4,347,354	4,347,354

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Cash flows from operating activities		
Profit before income taxes	1,849,370	2,919,201
Depreciation	13,019	23,738
Increase (decrease) in allowance for doubtful accounts	905	(3,919)
Increase (decrease) in provision for sales promotion expenses	9,501	2,142
Increase (decrease) in provision for shareholder benefit program	14,787	8,523
Increase (decrease) in provision for sales returns	7,616	(1,233)
Foreign exchange losses (gains)	(319)	(1,535)
Interest and dividend income	(26)	(24)
Interest expenses	348	47
Loss on retirement of non-current assets	–	2,145
Share issuance cost	428	–
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Bad debts expenses	1,176	–
Impairment loss	12,141	–
Head office relocation expenses	–	2,650
Decrease (increase) in notes and accounts receivable - trade	(215,023)	(42,508)
Decrease (increase) in inventories	(204,374)	(115,886)
Decrease (increase) in other assets	(3,572)	710
Increase (decrease) in notes and accounts payable - trade	81,978	61,307
Increase (decrease) in accounts payable - other	196,016	(71,537)
Increase (decrease) in advances received	864	548
Increase (decrease) in other liabilities	62,673	(41,933)
Subtotal	1,828,281	2,742,435
Interest and dividend income received	26	24
Interest expenses paid	(348)	(47)
Income taxes paid	(634,359)	(596,825)
Payments for head office removal expenses	–	(2,650)
Net cash provided by (used in) operating activities	1,193,600	2,142,937
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,398)	(86,004)
Purchase of intangible assets	(14,153)	(4,161)
Payments for guarantee deposits	(140,631)	(22,180)
Proceeds from collection of guarantee deposits	–	12,572
Collection of loans receivable from subsidiaries and associates	1,362	–
Payments for asset retirement obligations	–	(500)
Net cash provided by (used in) investing activities	(184,820)	(100,273)
Cash flows from financing activities		
Repayments of long-term loans payable	(133,356)	(74,943)
Cash dividends paid	(431,570)	(568,555)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	120,531	–
Purchase of treasury shares	(385,201)	–
Net cash provided by (used in) financing activities	(829,596)	(643,498)
Effect of exchange rate change on cash and cash equivalents	319	1,573
Net increase (decrease) in cash and cash equivalents	179,503	1,400,738
Cash and cash equivalents at beginning of period	2,508,142	2,687,645
Cash and cash equivalents at end of period	2,687,645	4,088,384